WEEKLY ECONOMIC REVIEW

March 10, 2006

The Alberta economy created jobs at a stellar pace in February, with employment increasing by 25,100. Our unemployment rate fell to a 30-year low of 3.1 per cent.

As expected, the Bank of Canada increased its key overnight rate by 25 basis points to 3.75 per cent on March 7th. Despite this increase, most news this week was bearish for the dollar, which retreated by close to two cents. First, the Bank of Canada stated that "the Canadian dollar has recently moved above the range that had been assumed" suggesting that the Canadian dollar is higher than it would like. Also, the Bank changed the word "would" to "may" in stating "some modest further increase in the policy interest rate may be required to keep…inflation on target over the medium term", indicating that hikes in interest rates are nearing an end.

Retreating crude oil prices hurt the dollar as well. Crude oil prices slipped nearly US$3.0/bbl on OPEC's decision not to change its output quota and on reports of rising U.S. crude oil inventories.

Cdn Dollar (C¢/US$)

Mar 10, 2006	86.2¢
Mar 03, 2006	88.1¢
2005-06 YTD	83.7¢

WTI Oil SUS/bbl

Mar 09, 2006	$60.47
Mar 02, 2006	$63.36
2005-06 YTD	$59.77

Nymex Natural Gas CS/mcf*

March Contract

Mar 10, 2006	$7.75
Mar 03, 2006	$7.53

*Estimate based on Nymex Futures Market Price

Canada's trade surplus moderated to $6.3 billion from $7.7 billion in the previous month, largely due to declines in natural gas prices. The U.S. trade deficit jumped to a record US$68.5 billion in February. Despite the worsening trade balance, the U.S. dollar was buoyed by stronger than expected increases in employment.

Employment in the United States advanced by 243,000 in February. Although employment in Canada rose by 24,700 in February from January, most of the gains were in part-time jobs.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
New House Price Index	**January**			
Alberta	172.1	2.6%	20.3%	n/a
Canada	143.3	1.1%	6.5%	n/a
Housing Starts[2]	**February**			
Alberta	48,300	15.6%	28.5%	27.8%
Canada	240,900	-2.9%	10.9%	16.0%
Employment (February)	**Monthly Change**			
Alberta	+25,100	1.4%	3.5%	2.8%
Canada	+24,700	0.2%	1.7%	1.7%
United States	+243,000	0.2%	1.5%	1.6%
Canadian International Trade ($ millions)	**January**			
Exports	39,975	-3.3%	11.8%	n/a
Imports	33,626	0%	6.1%	n/a
Trade Balance	6,349	-17.4%	56.7%	n/a

Source: Statistics Canada and Canada Mortgage and Housing Corporation

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-February 2006 versus January-February 2005*

[2] *Seasonally Adjusted at Annual Rates*